

Message Text

PAGE 01 STATE 181765

66

ORIGIN STR-04

INFO OCT-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10 OIC-02 IO-13

ISO-00 STRE-00 USIE-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 ITC-01

TRSE-00 PRS-01 SP-02 OMB-01 NSCE-00 INRE-00 SSO-00

/132 R

DRAFTED BY STR:JGREENWALD:SWC

APPROVED BY STR:CYEUTTER

STR:CYEUTTER

TREASURY:EGREEN

STATE:WBARRACLOUGH

COMMERCE:(SUBSTANCE)SCRAVEN

LABOR:DWANAMAKER

----- 111545

O 222216Z JUL 76

FM SECSTATE WASHDC

TO USDEL MTN GENEVA IMMEDIATE

INFO USMISSION EC BRUSSELS IMMEDIATE

USMISSION GENEVA

AMEMBASSY BRASILIA

C O N F I D E N T I A L STATE 181765

E.O. 11652:

TAGS:ETRD, GATT MTN

SUBJECT: JULY 27 MEETING OF 7 PLUS 7

1. U.S. POSITION ON THE ESTABLISHMENT OF A FRAMEWORK
IMPROVEMENT GROUP IN THE MTN, AS PRESENTED BY AMBASSADOR
YEUTTER AT THE JUNE 22-23 MEETING OF THE CONSULTATIVE
CONFIDENTIAL

PAGE 02 STATE 181765

GROUP OF 18, REMAINS UNCHANGED.

2. IN THIS REGARD, U.S. REP SHOULD STRESS ONCE MORE THAT
U.S. SUPPORT FOR A FRAMEWORK IMPROVEMENT GROUP DEPENDS

UPON AGREEMENT ON THE ISSUES ON WHICH SUCH A GROUP MIGHT SUCCESSFULLY NEGOTIATE AND, BASED ON SUCH AGREEMENT, ACCEPTABLE TERMS OF REFERENCE. (FYI. WE ARE FLEXIBLE ON THE FORM OF ANY AGREEMENT ON ISSUES. IT WOULD CLEARLY BE PREFERABLE IF THE TERMS OF REFERENCE OF THE GROUP COULD REFLECT THE SPECIFIC ISSUES WITH WHICH THE GROUP WILL DEAL. AT A MINIMUM THEY SHOULD RESTRICT THE ISSUES WHICH A GROUP CAN TAKE UP IN LIGHT OF US CONDITIONS. AN QUOTE UNDERSTANDING END QUOTE ON SPECIFIC ISSUES, REFLECTED IN THE DECISION OF THE TNC TO ESTABLISH A GROUP, MIGHT PROVE ADEQUATE. SUCH AN UNDERSTANDING NEED NOT REQUIRE PRIOR AGREEMENT ON AN EXCLUSIVE LIST OF TOPICS, AT THE MINIMUM, THERE

MUST BE AN UNDERSTANDING ON THE ISSUES THAT WILL BE OF PRIORITY CONCERN WITH WHICH THE GROUP WILL BEGIN ITS WORK. AS A PRACTICAL MATTER, WITHIN A 1977 TIME-FRAME SUCH ISSUES ARE LIKELY TO BECOME THE ONLY ONES WITH WHICH THE GROUP WILL DEAL. END FYI).

3. IN STRESSING THE NEED FOR IDENTIFICATION OF REFORM ISSUES, THE U.S. REP SHOULD EMPHASIZE THAT OUR SUPPORT FOR A REFORM GROUP WILL DEPEND ON THE IDENTIFICATION OF APPROPRIATE REFORM TOPICS IN LIGHT OF THE FOLLOWING CRITERIA:

(A) THERE MUST BE NO DUPLICATION OF WORK DONE BY, OR REOPENING OF AGREEMENTS NEGOTIATED IN, OTHER MTN GROUPS;

(B) THE ISSUES MUST BE NEGOTIABLE WITHIN THE MTN TIME-FRAME (I.E., BY THE END OF 1977);

(C) THE ISSUES MUST NOT DEAL SOLELY WITH THE ROLE OF THE LDC'S IN THE TRADING SYSTEM;

4. THE U.S. REP MIGHT FURTHER NOTE THAT THE ADDENDUM CONFIDENTIAL

PAGE 03 STATE 181765

TO AMBASSADOR MACIEL'S MEMORANDUM EXPLAINING THE PROPOSAL FOR A REFORM GROUP IS A VERY USEFUL FIRST EFFORT IN SPECIFYING REFORM TOPICS. THE U.S. BELIEVES THAT, IN BROAD TERMS, THE ISSUES LISTED IN THE BRAZILIAN QUOTE ADDENDUM END QUOTE MIGHT BE SUITABLE ITEMS FOR CONSIDERATION IN A REFORM CONTEXT. HOWEVER, WE HAVE THE FOLLOWING SPECIFIC COMMENTS:

(A) REVIEW OF MFN PRINCIPLE WOULD BE HIGHLY SENSITIVE. WE ARE UNWILLING EVEN TO DISCUSS THE POSSIBILITY OF BINDING MARGINS OF PREFERENCES. WE BELIEVE THAT THIS WOULD BUILD INTO THE TRADING SYSTEM A CONSTRAINT ON FURTHER REDUCTIONS OF TRADE BARRIERS ON AN MFN BASIS AND

SO IMPOSE A MAJOR BARRIER TO EFFORTS TO LIBERALIZE TRADE.
IN ADDITION, THE U.S. COULD, UNDER NO CIRCUMSTANCES,
AGREE TO BIND RATES OF PREFERENCES, AND THIS MUST BE
CLEARLY UNDERSTOOD AT THE VERY OUTSET. ALSO,
CLARIFICATION OF SUGGESTION TO INCLUDE QUOTE IN THE
GATT A GENERAL RULE OR RULES ON APPLICATION OF
DIFFERENTIAL AND MORE FAVORABLE TREATMENT FOR LDC'S
END QUOTE WOULD BE USEFUL.

(B) THE REFERENCE TO QUOTE SAFEGUARDS END QUOTE IS
UNCLEAR. THE UNITED STATES BELIEVES THAT A RE-
ASSESSMENT OF THE GATT RULES GOVERNING TRADE MEASURES

FOR BALANCE OF PAYMENTS PURPOSES AS THEY APPLY TO BOTH
DC'S AND LDC'S (I.E., THE APPLICATION OF THE PROVISIONS
OF BOTH ARTICLE XII AND XVIII) MAY BE APPROPRIATE, BUT
BEYOND THAT DO NOT UNDERSTAND WHAT OTHER ASPECTS OF
QUOTE SAFEGUARDS END QUOTE DO NOT FALL UNDER THE
PURVIEW OF EXISTING GROUPS. FOR EXAMPLE, ARTICLE XI
IS UNDER NEGOTIATION IN THE QR GROUP.

(C) WITH RESPECT TO DISPUTE SETTLEMENT, WHILE
THERE MIGHT BE SOME SCOPE FOR IMPROVEMENT OF THE
PROCEDURES OF GATT ARTICLES XXII AND XXIII, CONSIDERATION
OF DISPUTE SETTLEMENT SHOULD EXAMINE THE ISSUE QUOTE
AS A WHOLE END QUOTE. THE CHALLENGE, IN OUR VIEW,
IS TO DEVELOP AN EFFECTIVE PROCEDURE THAT APPLIES TO
ALL CONTRACTING PARTIES.
CONFIDENTIAL

PAGE 04 STATE 181765

(D) WITH RESPECT TO RECIPROCITY, WE ARE UNCLEAR
AS TO WHAT IS MEANT. WE ARE NOT WILLING TO CONSIDER
IN A REFORM CONTEXT ANY STANDARD FOR DETERMINING WHAT

THE CONTRIBUTION OF THE LDC'S SHOULD BE IN THE TROPICAL
PRODUCTS GROUP OR ANY OTHER MTN GROUP -- THIS STANDARD
IS ALREADY ESTABLISHED BY THE TOKYO DECLARATION. (FYI.
WE ARE CONCERNED THAT DISCUSSION OF THE PRINCIPLE OF
RECIPROCITY IN A REFORM CONTEXT WOULD BE USED BY THE
LDC'S TO RESIST AGREEMENT ON THEIR CONTRIBUTIONS IN
TROPICAL PRODUCTS AND INDEED THROUGHOUT ALL OTHER
ASPECTS OF THE NEGOTIATIONS AND LIMIT OUR ABILITY TO
REACH BILATERAL UNDERSTANDINGS ON SUCH CONTRIBUTIONS
WITH INDIVIDUAL LDC'S. END FY.).

5. IN ADDITION, THE U.S. REP SHOULD REPEAT THAT WHILE
WE DO NOT SEE A COMPELLING NEED FOR A FRAMEWORK IMPROVE-
MENT GROUP, IF SUCH A GROUP IS ESTABLISHED IT MUST
CONSIDER ISSUES OF INTEREST TO DEVELOPED COUNTRIES AS

WELL AS LDC'S. IN THIS REGARD, THE U.S. REP SHOULD
NOTE THAT SUPPLY ACCESS IS AN IMPORTANT ISSUE SUITABLE

FOR CONSIDERATION IN A FRAMEWORK IMPROVEMENT CONTEXT.

6. AFTER MENTIONING U.S. VIEWS ON A NEED FOR MUTUALLY

ACCEPTABLE ISSUES APPROPRIATE FOR ANY FRAMEWORK IMPROVEMENT GROUP, THE U.S. REP SHOULD STRESS THE OTHER TWO CONDITIONS FOR U.S. ACCEPTANCE OF SUCH A GROUP: (1) NEGOTIABILITY WITHIN THE MTN TIME-FRAME AND (2) ADEQUATE ASSURANCES, WHICH WE WOULD INSIST UPON IN ANY

TERMS OF REFERENCE, THAT A GROUP WILL NOT SEEK TO REOPEN AGREEMENTS NEGOTIATED IN OTHER TNC GROUPS OR OTHERWISE DUPLICATE OR DELAY WORK DONE ELSEWHERE IN THE MTN. SPECIFICALLY, THE U.S. REP SHOULD NOTE THAT WE COULD NOT REPEAT NOT ACCEPT TERMS OF REFERENCE WHICH PROVIDED FOR QUOTE HARMONIZATION, CONSOLIDATION, OR PUTTING INTO A LEGAL FRAMEWORK END QUOTE AGREEMENTS REACHED IN OTHER GROUPS OR TO RECEIVING FROM OTHER GROUPS QUOTE AGREED CONFIDENTIAL

PAGE 05 STATE 181765

RULES FOR INCLUSION IN A FINAL PACKAGE ON GATT REFORM
END QUOTE.

7. AFTER DISCUSSION IN THE G-18 OF THE BRAZILIAN PROPOSAL, WE WERE INFORMED THAT THE BRAZILIANS MIGHT CIRCULATE PROPOSED TERMS OF REFERENCE FOR A REFORM GROUP AT THE JULY 7 PLUS 7 MEETING AND SEEK AGREEMENT ON THE TERMS OF REFERENCE IN A FOLLOW-UP 7 PLUS 7 MEETING IN THE FALL. WHILE PRESENTATION OF DRAFT TERMS OF REFERENCE COULD BE USEFUL, WE BELIEVE THAT DISCUSSION AT THE JULY MEETING SHOULD CONTINUE EFFORTS TO FOCUS ON SPECIFIC ISSUES WHICH MIGHT BE INCLUDED IN THE WORK PROGRAM OF A REFORM GROUP. AN UNDERSTANDING ON THE ISSUES WOULD, OF COURSE, FORM THE BASIS FOR AGREEMENT ON THE TERMS OF REFERENCE. MOREOVER, DEBATE ON TERMS OF REFERENCE AT THIS MEETING MIGHT SHIFT THE FOCUS FROM SPECIFIC ISSUES TO GENERAL PARAMETERS OF A REFORM EFFORT. THERE WILL BE BILATERAL DISCUSSIONS WITH KEY DELEGATIONS (IN PARTICULAR BRAZIL) IN EARLY FALL IN ORDER TO DEVELOP FURTHER EFFORTS TO SEEK AN UNDERSTANDING ON APPROPRIATE QUOTE REFORM END QUOTE ISSUES.

8. MTN DELEGATION SHOULD OUTLINE U.S. POSITION TO BRAZILIANS, THE EC, THE FRENCH (COLMANT), AND, AS APPROPRIATE, OTHERS. IN DISCUSSIONS WITH EC AND COLMANT, U.S. REP SHOULD EMPHASIZE THAT WE SEE NO COMPELLING REASON FOR A FRAMEWORK IMPROVEMENT GROUP BUT THAT, GIVEN THE APPARENT INEVITABILITY OF SUCH A GROUP, OUR AIMS ARE:

(A) WITH RESPECT TO LDC'S, TO LIMIT ISSUES BEFORE

THE GROUP AND TO FIRMLY OPPOSE ANY EFFORT TO REQUIRE BINDING OF PREFERENTIAL RATES, PERMIT BINDING OF MARGINS OF PREFERENCE OR UNDERMINE OUR POSITION ON RECIPROCITY IN THE MTN. WE WOULD REQUIRE THAT ANY REVIEW OF LDC ISSUES INCLUDE DISCUSSION OF LDC RESPONSIBILITY AND ACCOUNTABILITY UNDER THE GATT. IN ANY AGREEMENT, THE U.S. WOULD INSIST UPON FIRM COMMITMENT FROM THE LDC'S

ACCEPTING INCREASING RESPONSIBILITY UNDER THE TRADING
CONFIDENTIAL

PAGE 06 STATE 181765

RULES.

(B) WITH RESPECT TO ISSUES OF INTEREST OF DC'S,

DEL SHOULD STRESS THAT U.S. AIMS ARE LIMITED. WE DO NOT SEE CERTAIN ISSUES RAISED BY THE BRAZILIANS -- I.E., BOP, DISPUTE SETTLEMENT -- AS SOLELY QUOTE LDC END QUOTE ISSUES, AND BELIEVE THAT, IN ADDITION, SUPPLY ACCESS MIGHT BE IMPORTANT. HOWEVER, DEL SHOULD ALLAY ANY FEARS THAT WE INTEND TO QUOTE DUMP END QUOTE ALL SECTION 121 ISSUES INTO A REFORM GROUP. WITH RESPECT TO THE BOP ISSUE, U.S. REP MIGHT NOTE THAT ONE ASPECT IN WHICH THE U.S. MIGHT BE INTERESTED IS THE SUGGESTION MADE BY THE EC AT THE FEBRUARY MEETING OF THE G-18 PROPOSING THAT DEVELOPED COUNTRIES ACCEPT LIMITATIONS ON THE USE OF TRADE MEASURES FOR BOP PURPOSES. WITH RESPECT TO DISPUTE SETTLEMENT, U.S. REP SHOULD NOTE THAT WE EXPECT THE MAJOR WORK IN THE AREA BE DONE IN THE CONTEXT OF THE DISPUTE SETTLEMENT PROVISIONS OF THE VARIOUS CODES CURRENTLY UNDER NEGOTIATION IN THE MTN, BUT THAT SOME RELATIVELY MINOR IMPROVEMENTS TO THE PROCEDURES OF ARTICLE XXII AND XXIII MIGHT BE POSSIBLE (E.G., STANDING ROSTER OF PANELISTS, TIME LIMITS FOR PANEL PROCEDURES, ETC.).

9. IN DISCUSSION WITH BRAZILIANS, DEL SHOULD EMPHASIZE NEED FOR CONTINUED COOPERATION AND SUGGEST THAT THERE BE DETAILED DISCUSSIONS DURING VISIT TO BRASILIA PLANNED BY AMBASSADOR YEUTTER IN EARLY SEPTEMBER.

10. IN GENERAL TERMS, OBJECTIVE AT THIS MEETING SHOULD BE TO PRESERVE U.S. CONDITIONS (AND SO NEGOTIATING LEVERAGE) WITHOUT APPEARING UNREASONABLY NEGATIVE. WE HOPE THAT (1) THROUGH CONTINUED FOCUS ON SPECIFIC ISSUES THE PARAMETERS OF A REFORM EFFORT ARE NARROWED (IN THIS CONNECTION, THE BRAZILIANS HAVE GIVEN US AN OPENING BY PRESENTING THEIR QUOTE ADDENDUM END QUOTE AND WE SHOULD CAPITALIZE ON IT) AND (2) BY REPEATING QUOTE REASONABLE END QUOTE U.S. CONCERNS WE ARE IN A POSITION TO REFUSE TO ACCEPT A GROUP IF, IN SPITE OF OUR EFFORTS, AN ACCEPTABLE UNDERSTANDING ON APPROPRIATE

CONFIDENTIAL

PAGE 07 STATE 181765

ISSUES AND SATISFACTORY TERMS OF REFERENCE CONSISTENT
WITH SUCH UNDERSTANDING ARE NOT DEVELOPED.

11. WE HAVE JUST RECEIVED BRAZILIAN DRAFT TERM OF
REFERENCE BUT NOT YET DEL COMMENTS THEREON. WE DO

NOT BELIEVE THAT THE BRAZILIAN DRAFT SHOULD ALTER THE
U.S. APPROACH -- THE EMPHASIS SHOULD REMAIN ON ISSUES
AND NOT REPEAT NOT ON SPECIFIC TERMS OF REFERENCE.
HOWEVER, IN CERTAIN RESPECTS, DRAFT REFLECTS U.S.
CONCERNS AND DEL MIGHT, AS APPROPRIATE, NOTE THIS
IN PRESENTING U.S. VIEWS. IF MTN DEL COMMENTS INDICATE
NEED FOR FURTHER INSTRUCTIONS, THEY WILL BE SENT BY
SEPTTEL. ROBINSON

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 15 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, AGREEMENTS, LESS DEVELOPED COUNTRIES, MEETINGS, TARIFF CONCESSIONS, TARIFF LIBERALIZATION
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE181765
Document Source: ADS
Document Unique ID: 00
Drafter: STR:JGREENWALD:SWC
Enclosure: DG ALTERED
Executive Order: 11652 SUBJECT= JULY 27 MEETING OF 7 PLUS 7
Errors: n/a
Film Number: D760282-0972
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197607109/baaaep1g.tel
Line Count: 291
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN STR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by greeneet>; APPROVED <12 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: data_error
TAGS: ETRD, US, GATT, MTN
To: MTN GENEVA INFO EC BRUSSELS
GENEVA
BRASILIA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006